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SUBJECT: PRESIDENTIAL ASPIRANT BERGER LEAVES THE PAN,

ACCEPTS CANDIDACY OF COALITION

¶11. (SBU) Summary: Presidential front-runner Oscar Berger announced on May 1 that he was leaving the National Action Party (PAN) to head a coalition of three smaller parties. Berger broke with the PAN after internal tensions erupted April 30 when the PAN Executive Committee (controlled by his rival Leonel Lopez) voted to no longer support Berger as its presidential candidate after he discussed forming an electoral alliance without party permission. Berger's exit from the PAN, while not unexpected, adds a new wrinkle to the already muddled presidential race. As other parties regroup, the ruling Guatemalan National Front, headed by Efrain Rios Montt, hopes to benefit from splits in the opposition. End Summary.

Berger Candidacy Still Afloat

¶12. (SBU) Oscar Berger, who won the PAN presidential primary in October, 2002, announced on May 1 that he would be the presidential candidate for a coalition of political parties currently made up of Otto Perez Molina's Patriotic Party (PP), Jorge Briz's Reform Movement (MR) and Ricardo Castillo Sinebali's National Solidarity Party (PSN). Berger had been wooing the coalition ever since differences (largely over patronage) between him and PAN Executive Secretary Leonel Lopez became increasingly unsolvable and threatened to marr the upcoming election. When it became apparent that there was no conciliation in sight, Berger announced in late April that he would accept the support of the coalition, which goes by the initials GANA, provoking the PAN Executive Committee to announce on April 30 that Berger's decision effectively annulled his candidacy as the PAN's presidential hopeful. That was the final straw for Berger, who withdrew from the PAN and began openly campaigning for the GANA. In a campaign stop in the Department of Solola on May 3, Berger rallied local PAN members to vote for him. He received the support of the local PAN leadership, that has now switched to his GANA coalition. Berger hopes to woo away significant support from PAN voters who voted for him in the primaries.

PAN's Prospects Sinking

¶13. (SBU) Without Berger, who, despite a massive loss to President Portillo in 1999 consistently registers the highest poll numbers, the PAN enters the exclusive control of its Secretary General, Leonel Lopez Rodas. It was Rodas who lost

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the PAN primary to Berger. After apparently patching things up, Rodas and his allies strongly objected to Berger's naming Gonzalez as his preferred running-mate. Rodas seized Berger's discussions about forming an alliance with other parties (without party approval) as the pretext for his ouster. Thus far, the PAN has not announced a replacement candidate for Berger.

Other groups GANA-bound?

¶14. (SBU) The GANA coalition is in discussion with other small parties, including the divided leftist New National Alliance (ANN), which desperately needs financial support. The Unionista Party, led by former ministers under the Arzu Administration who split from the PAN in 2000, is currently keeping its distance from GANA, though we understand that there have been serious talks of an ultimate union. Christian Democratic Party (DCG) candidate Ricardo Bueso has launched a media blitz to raise his name recognition without much success, raising speculation that the DCG and its electoral partner, the Democratic Union party (UD) may also eventually join the GANA coalition.

Opposition Holdouts

¶15. (SBU) Meanwhile, the leftist URNG has pledged to stay away from alliances this election, after suffering disastrous results in previous electoral coalitions. Alvaro Colom is flirting with the PAN, after rejecting the GANA coalition and

the earlier offer of the PAN vice presidential nomination under Berger. The ANN is considering throwing its support to Alvaro Colom or Rigoberto Queme, the first indigenous presidential aspirant heading the Solidarity Movement alliance of civic committees, which has not yet been officially registered in the race. Jacobo Arbenz Villanova, son of the late president ousted by the 1954 U.S.-supported coup, is another long-shot candidate (for the Democratic Social Participation Party-PDSP) who has chosen to avoid electoral alliances.

Boost to the FRG

16. (SBU) The FRG has the most to gain from the split-up of the PAN, though many analysts do not believe the large gap in the polls between Berger and Rios Montt will narrow much as a result. The ruling FRG's electoral possibilities could suffer if the GANA coalition gains further strength by uniting the opposition. At present the FRG will hold its national assembly (postponed from May 3 to May 24), at which it will name its presidential candidate. Conventional wisdom is that President of Congress Rios Montt will be selected as its presidential candidate, and Agriculture Minister Edin Barrientos as his running mate. Should the FRG choose Rios Montt to head its ticket, we expect there will be challenges filed before the Constitutional Court.

Comment

17. (SBU) Berger's split with the PAN reflects the institutional weakness of Guatemalan political parties, and could give a momentary boost to the FRG by dividing the opposition. The split further reflects the pique and poor political judgment of both Berger and Lopez Rodas, neither of whom was prepared to make the concessions on patronage necessary to keep the party together. Berger and the GANA coalition have better prospects than the PAN to recover from this setback, since Berger's financial supporters apparently still view him as the most likely prospect to unseat the FRG.

Considerable polling indicates that Berger has better positive name recognition than anyone else in the PAN party. Attracting and holding a diverse coalition together, however, will be difficult for Berger.

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